

# News

United States  
Department  
of Labor



Bureau of Labor Statistics

Washington, D.C. 20212

Historical, technical  
information: (202) 523-9261  
Current data : (202) 523-1221 or 1208  
Media contact: (202) 523-1913

USDL 87-531  
For Release: 10:00 AM EST  
Thursday, December 3, 1987

## PRODUCTIVITY AND COSTS

Third Quarter 1987

Business, Nonfarm Business, Manufacturing,  
and Nonfinancial Corporations

The Bureau of Labor Statistics of the U.S. Department of Labor today reported revised productivity data--as measured by output per hour of all persons--for the third quarter of 1987. Based on information now available, the seasonally-adjusted annual rates of productivity increase in the third quarter were:

- 4.0 percent in the business sector,
- 3.6 percent in the nonfarm business sector,
- 3.8 percent in manufacturing,
- 3.5 percent in durable goods manufacturing, and
- 4.2 percent in nondurable goods manufacturing.

Revised third quarter measures are summarized in table A and appear in detail in tables 1 through 5. Third-quarter measures for nonfinancial corporations also announced today indicate that productivity increased 2.6 percent (tables B and 6).

For business and nonfarm business, the revised productivity and output measures showed greater increases than had been reported on November 2, based on information then available. Manufacturing productivity and output, however, showed smaller gains than were reported earlier (table C).

### Business

Productivity increased at a revised 4.0 percent annual rate during the third quarter of 1987 in the business sector. Output rose 5.4 percent and hours of all persons engaged in the sector increased 1.4 percent (seasonally adjusted annual rates). The increases in productivity and output were the largest since the first quarter of 1986 (table 1). During the second quarter of 1986, productivity rose 1.4 percent as output increased 3.0 percent and hours of all persons increased 1.6 percent.

Table A. Productivity and costs: Revised third-quarter 1987 measures  
(Seasonally adjusted annual rates)

Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
Percent change from preceding quarter						
Business	4.0	5.4	1.4	4.0	0.2	0.1
Nonfarm business	3.6	5.5	1.8	3.8	-0.1	0.2
Manufacturing	3.8	7.4	3.5	1.4	-2.3	-2.3
Durable	3.5	6.8	3.1	1.1	-2.7	-2.4
Nondurable	4.2	8.6	4.2	2.0	-1.8	-2.1
Percent change from same quarter a year ago						
Business	1.4	3.7	2.3	3.1	-1.1	1.6
Nonfarm business	1.3	3.8	2.5	3.0	-1.2	1.6
Manufacturing	3.8	4.9	1.1	1.3	-2.8	-2.4
Durable	4.0	4.4	0.4	1.0	-3.0	-2.8
Nondurable	3.6	5.8	2.2	1.8	-2.3	-1.7

Hourly compensation increased at a 4.0 percent annual rate during the third quarter of 1987, compared with a 3.3 percent gain during the second quarter. The third-quarter increase was the largest since the fourth quarter of 1985 (when a 5.1 percent increase was reported). This measure includes wages and salaries, supplements, employer contributions to employee-benefit plans, and taxes. Unit labor costs, which reflect changes in hourly compensation and productivity, increased at a scant 0.1 percent annual rate during the third quarter, compared with a 1.8 percent increase during the second quarter.

Real hourly compensation, which takes into account the increase in the Consumer Price Index for All Urban Consumers (CPI-U), increased 0.2 percent in the third quarter. It remained 1.0 percent lower than in the first quarter of 1978, the all-time peak for this series, which begins with data for 1947. Real hourly compensation had declined 1.6 percent in the second quarter of 1987.

The implicit price deflator for the business sector, which reflects changes in unit labor costs and unit nonlabor payments, increased 2.4 percent in the third quarter.

### **Nonfarm business**

Productivity increased at a revised 3.6 percent annual rate in the nonfarm business sector during the third quarter of 1987. Output rose 5.5 percent and hours of all persons--employees, proprietors, and unpaid family workers--increased 1.8 percent. As in the more comprehensive business sector, output and hours grew much more strongly in the third than in the second quarter, and the gains in productivity and output were the largest since the first quarter of 1986 (table 2).

Hourly compensation increased at a 3.8 percent annual rate in the third quarter, but fell 0.1 percent when the increase in the CPI-U was taken into account. Real hourly compensation remained about 1.7 percent lower than its 1978 peak level. Unit labor costs increased only 0.2 percent in the third quarter.

The implicit price deflator for the nonfarm business sector rose 2.6 percent in both the second and third quarters, compared with a 3.4 percent increase in the first quarter.

### **Manufacturing**

Productivity increased at a revised 3.8 percent seasonally adjusted annual rate in manufacturing in the third quarter of 1987. Output rose 7.4 percent and hours of all persons increased 3.5 percent. The output increase was the largest gain since the 17.5 percent jump during the first quarter of 1984, and the increase in paid hours of persons engaged in manufacturing was the largest since the second quarter of that year (when hours rose at a 4.6 percent annual rate). During the second quarter, output rose more modestly and hours declined (table 3). Productivity and output grew more slowly among durable goods industries--nearly half again as many people are employed in producing durable as in nondurable goods (tables 4 and 5).

Hourly compensation of all manufacturing sector workers increased 1.4 percent during the third quarter but declined 2.3 percent when the increase in consumer prices is taken into account, continuing a pattern of smaller gains than in the more comprehensive business sectors reported above. Real hourly compensation remained about 3.1 percent below the level of the first quarter of 1978, the all-time peak for this series. Unit labor costs fell at a 2.3 percent annual rate during the third quarter of 1987, compared with a 4.2 percent decrease during the second quarter. This was the third consecutive quarter during which labor costs have fallen in manufacturing.

## Nonfinancial corporations

Third-quarter 1987 measures of productivity and costs also were announced today for the nonfinancial corporate sector (tables B and 6). Output per all-employee hour increased 2.6 percent from the second to the third quarter of 1987, as output increased 5.5 percent and hours of all employees increased 2.8 percent (table 6). As in the more comprehensive business sectors, the gains in productivity and output were the largest since the first quarter of 1986. The sector accounts for about three-fifths of gross national product and includes all corporations doing business in the United States, except banks, stock and commodity brokers, and finance and insurance agencies. Output and hours grew as rapidly or more rapidly than in the more comprehensive business and nonfarm business sectors reported above.

Hourly compensation increased 3.0 percent in the third quarter of 1987, but declined 0.8 percent when the rise in the CPI-U is taken into account. Unit labor costs rose only 0.4 percent (compared with a 2.0 percent increase during the second quarter), unit nonlabor costs increased 1.2 percent, and unit profits rose 25.0 percent (table 6). This was the largest 1-quarter increase in profits since the 34.7 percent increase in the third quarter of 1985, but the level of profit per unit of output remained about 1.8 percent below the level of the second quarter of 1985, the all-time high for this series (which begins with 1958). The implicit deflator for nonfinancial corporate output increased 2.8 percent in the third quarter, the same as the increase in the second quarter.

Table B. Nonfinancial corporations: Third-quarter productivity and cost measures  
Quarterly change at seasonally adjusted annual rates  
Percent

Period	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs	Unit profits	Implicit price deflator
1987 II to 1987 III	2.6	5.5	2.8	3.0	-0.8	0.4	25.0	2.8
1986 III to 1987 III	0.6	3.2	2.6	2.2	-1.9	1.6	7.6	2.1

## Revised measures

Previously published and revised productivity and cost measures for the third quarter are compared in table C for business and manufacturing. The revised productivity increases in business and nonfarm business are larger than those reported on November 2, based on initial information then available. In manufacturing, a downward revision of the increase in output resulted in a smaller productivity gain than had previously been reported.

Table C. Comparison of previously published and revised productivity and related measures, third-quarter 1987  
Percent change from previous quarter  
(Seasonally adjusted annual rates)

Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
<b>Business:</b>						
Previous	2.9	4.2	1.3	4.2	0.3	1.3
Revised	4.0	5.4	1.4	4.0	0.2	0.1
<b>Nonfarm business:</b>						
Previous	2.6	4.4	1.7	4.0	0.1	1.3
Revised	3.6	5.5	1.8	3.8	-0.1	0.2
<b>Manufacturing:</b>						
Previous	4.5	8.2	3.5	1.4	-2.4	-3.0
Revised	3.8	7.4	3.5	1.4	-2.3	-2.3

#### Next release date

The next issue of Productivity and Costs is scheduled for release at 10:00 AM EST, Thursday, February 4, 1988, and will contain 1987 fourth-quarter and annual average measures for business, nonfarm business, and manufacturing.

Tentative release dates for productivity and cost measures for major sectors of the U.S. economy in 1988 are:

Reference period	Initial measures	Revised measures
<b>1987:</b>		
Fourth Qtr., Annual	February 4	March 3*
<b>1988:</b>		
First Qtr.	May 2	June 6
Second Qtr.	August 4	September 1
Third Qtr.	October 31	December 5

\* For nonfinancial corporations, 1987 annuals only; fourth quarter results included in May 2 release.

### TECHNICAL NOTES

Business sector output is equal to gross national product in constant 1982 dollars, less the rest-of-the-world sector, general government, output of nonprofit institutions, output of paid employees of private households, rental value of owner-occupied dwellings, and the statistical discrepancy in computing the national income accounts. Corresponding exclusions are also made in labor inputs. Business output has accounted for about 77 percent of gross national product in recent years.

Total manufacturing measures are computed by summing series prepared for the durable and nondurables goods sectors.

The durable sector includes the following 2-digit SIC industries: Primary metals; fabricated metal products; nonelectrical machinery; electrical machinery; transportation equipment; instruments; lumber and lumber products; furniture and fixtures; stone, clay, and glass products; and miscellaneous manufactures. The nondurable sector includes these 2-digit SIC industries: Textile mill products, apparel products, leather and leather products, printing and publishing, chemical and chemical products, petroleum products, rubber and plastic products, food, and tobacco products.

Manufacturing output has accounted for about 24 percent of gross national product in recent years.

Nonfinancial corporate output is equal to gross national product in constant 1982 dollars, less the rest-of-the-world sector, general government, unincorporated business, output of nonprofit institutions, output of paid employees of private households, rental value of owner-occupied dwellings, the output of corporations engaged in banking, finance, stock and commodity trading, and credit and insurance agencies, and the statistical discrepancy in computing the national income accounts. Nonfinancial corporate output has accounted for about 59 percent of gross national product in recent years.

The productivity and associated cost measures in this news release describe the relationship between output in real terms and the labor time involved in its production. They show the changes from period to period in the amount of goods and services produced per hour. Although these measures relate output to hours of all persons engaged in a sector, they do not measure the specific contribution of labor, capital, or any other factor of production. Rather, they reflect the joint effects of many influences, including changes in technology; capital investment; level of output; utilization of capacity, energy, and materials; the organization of production; managerial skill; and the characteristics and effort of the work force.

Table 1. Business sector: Productivity, hourly compensation, unit labor cost, and prices, seasonally adjusted

Year and quarter		Output per hour of all persons	Output	Hours of all persons	Compensation per hour(1)	Real compensation per hour(2)	Unit labor cost	Unit non-labor payments(3)	Implicit price deflator(4)
Indexes 1977=100									
1986	I	109.5	127.3	116.3	180.7	100.1	165.0	163.1	164.3
	II	109.7	127.5	116.3	182.2	101.3	166.2	163.9	165.4
	III	109.6	128.1	116.9	183.6	101.4	167.5	165.7	166.9
	IV	109.6	129.0	117.8	185.2	101.6	169.0	162.4	166.7
	ANNUAL	109.5	128.0	116.9	182.8	101.0	166.9	163.8	165.8
1987	I	109.7	130.2	118.7	185.8	100.7	169.4	166.0	168.2
	II	110.1	131.1	119.1	187.3	100.3	170.2	168.6	169.6
	III	r111.1	r132.9	119.5	r189.2	r100.3	r170.2	r171.3	r170.6
Percent change from previous quarter at annual rate(5)									
1986	I	5.8	6.4	0.5	3.2	1.6	-2.5	7.5	0.9
	II	0.6	0.7	0.1	3.5	4.8	2.8	2.1	2.6
	III	-0.3	1.8	2.1	3.0	0.5	3.3	4.5	3.7
	IV	-0.1	3.0	3.1	3.6	0.9	3.7	-7.7	-0.5
	ANNUAL	1.9	3.3	1.4	3.9	2.0	2.0	2.2	2.1
1987	I	0.5	3.5	3.0	1.4	-3.7	0.9	9.0	3.7
	II	1.4	3.0	1.6	3.3	-1.6	1.8	6.4	3.4
	III	r4.0	r5.4	r1.4	r4.0	r0.2	r0.1	r6.8	r2.4
Percent change from corresponding quarter of previous year									
1986	I	2.8	4.2	1.3	4.8	1.7	1.9	2.8	2.2
	II	2.3	3.4	1.1	4.4	2.7	2.1	2.2	2.1
	III	1.3	2.7	1.5	3.7	2.0	2.4	2.4	2.4
	IV	1.5	2.9	1.4	3.3	1.9	1.8	1.4	1.7
	ANNUAL	1.9	3.3	1.4	3.9	2.0	2.0	2.2	2.1
1987	I	0.2	2.3	2.1	2.8	0.6	2.7	1.8	2.3
	II	0.4	2.8	2.5	2.8	-1.0	2.4	2.8	2.6
	III	r1.4	r3.7	r2.3	3.1	r-1.1	r1.6	r3.4	r2.2

See footnotes following table 6.  
r=revised

December 3, 1987  
Source: Bureau of Labor Statistics

Table 2. Nonfarm business sector: Productivity, hourly compensation, unit labor cost, and prices, seasonally adjusted

Year and quarter	Output per hour of all persons	Output	Hours of all persons	Compensation per hour(1)	Real compensation per hour(2)	Unit labor cost	Unit non-labor payments(3)	Implicit price deflator(4)
Indexes 1977=100								
1986 I	107.7	126.9	117.9	180.0	99.7	167.2	164.7	166.4
II	107.7	127.1	118.0	181.3	100.8	168.4	165.2	167.3
III	107.5	127.6	118.7	182.6	100.9	169.8	167.0	168.8
IV	107.5	128.5	119.6	184.4	101.2	171.5	163.9	168.8
ANNUAL	107.5	127.5	118.6	182.0	100.6	169.3	165.2	167.8
1987 I	107.6	129.7	120.6	184.9	100.2	171.8	167.4	170.3
II	108.0	130.7	121.1	186.3	99.7	172.5	169.2	171.4
III	r108.9	r132.5	121.6	r188.0	99.7	r172.6	r172.2	r172.5
Percent change from previous quarter at annual rate(5)								
1986 I	6.6	6.4	-0.2	3.9	2.3	-2.6	10.0	1.6
II	0.1	0.6	0.6	2.9	4.2	2.8	1.3	2.3
III	-0.6	1.7	2.3	2.8	0.4	3.5	4.2	3.7
IV	0.0	2.9	2.9	4.0	1.3	4.0	-7.2	0.0
ANNUAL	1.6	3.2	1.6	3.9	1.9	2.2	2.4	2.3
1987 I	0.4	3.8	3.4	1.1	-3.9	0.8	8.8	3.4
II	1.4	3.2	1.7	3.0	-1.8	1.5	4.6	2.6
III	r3.6	r5.5	r1.8	r3.8	r-0.1	r0.2	r7.2	r2.6
Percent change from corresponding quarter of previous year								
1986 I	2.3	4.0	1.7	4.5	1.4	2.2	3.2	2.6
II	1.9	3.3	1.4	4.1	2.5	2.2	2.3	2.3
III	1.1	2.6	1.6	3.6	1.9	2.5	2.2	2.4
IV	1.5	2.9	1.4	3.4	2.0	1.9	1.9	1.9
ANNUAL	1.6	3.2	1.6	3.9	1.9	2.2	2.4	2.3
1987 I	-0.1	2.2	2.3	2.7	0.5	2.8	1.6	2.4
II	0.3	2.9	2.6	2.7	-1.0	2.4	2.4	2.4
III	r1.3	r3.8	r2.5	3.0	r-1.2	r1.6	r3.2	r2.1

See footnotes following table 6.

r=revised

December 3, 1987

Source: Bureau of Labor Statistics



Table 3. Manufacturing sector: Productivity, hourly compensation, and unit labor cost, seasonally adjusted

Year end quarter		Output per hour of all persons	Output (6)	Hours of all persons	Compensation per hour(1)	Real compensation per hour(2)	Unit labor cost
Indexes 1977=100 *							
1986	I	127.6	125.2	98.1	181.0	100.3	141.9
	II	128.4	125.3	97.5	182.1	101.2	141.8
	III	129.3	126.0	97.5	183.1	101.2	141.7
	IV	129.8	127.1	97.9	184.3	101.2	142.0
	ANNUAL	128.8	125.9	97.8	182.7	100.9	141.8
1987	I	130.8	128.4	98.1	183.9	99.6	140.5
	II	132.9	129.9	97.7	184.8	98.9	139.0
	III	r134.1	r132.2	98.6	185.4	98.3	r138.2
Percent change from previous quarter at annual rate(5)							
1986	I	4.8	3.5	-1.3	1.8	0.2	-2.8
	II	2.6	0.2	-2.3	2.5	3.8	-0.1
	III	2.7	2.3	-0.4	2.2	-0.2	-0.5
	IV	1.7	3.7	2.0	2.7	0.0	0.9
	ANNUAL	3.7	2.8	-0.9	3.3	1.3	-0.4
1987	I	3.2	4.0	0.8	-1.0	-6.0	-4.1
	II	6.4	4.7	-1.6	2.0	-2.8	-4.2
	III	r3.8	r7.4	3.5	1.4	r-2.3	r-2.3
Percent change from corresponding quarter of previous year							
1986	I	5.2	3.8	-1.3	4.4	1.3	-0.7
	II	3.5	2.5	-0.9	3.4	1.8	-0.1
	III	3.2	2.3	-0.9	2.9	1.2	-0.3
	IV	2.9	2.4	-0.5	2.3	0.9	-0.6
	ANNUAL	3.7	2.8	-0.9	3.3	1.3	-0.4
1987	I	2.5	2.5	0.0	1.6	-0.7	-1.0
	II	3.5	3.7	0.2	1.5	-2.3	-2.0
	III	r3.8	r4.9	1.1	r1.3	-2.8	r-2.4

See footnotes following table 6.

r=revised

December 3, 1987

Source: Bureau of Labor Statistics

Table 4. Durable manufacturing sector: Productivity, hourly compensation, and unit labor cost, seasonally adjusted

Year and quarter		Output per hour of all persons	Output (6)	Hours of all persons	Compensation per hour(1)	Real compensation per hour(2)	Unit labor cost
-----							
Index: 1977=100							
1986	I	135.3	133.6	98.8	179.9	99.7	133.0
	II	136.0	133.2	98.0	180.8	100.5	132.9
	III	137.5	134.1	97.5	181.6	100.3	132.1
	IV	138.4	135.3	97.8	183.1	100.5	132.3
	ANNUAL	136.8	134.1	98.0	181.4	100.2	132.6
1987	I	139.9	136.9	97.8	182.2	98.7	130.2
	II	141.7	137.8	97.2	182.9	97.9	129.1
	III	r142.9	r140.1	98.0	183.4	97.3	r128.3
-----							
Percent change from previous quarter at annual rate(5)							
1986	I	6.7	4.1	-2.4	1.2	-0.4	-5.2
	II	2.1	-1.1	-3.2	1.9	3.3	-0.2
	III	4.4	2.7	-1.7	1.7	-0.7	-2.6
	IV	2.6	3.8	1.1	3.4	0.7	0.8
	ANNUAL	5.2	3.2	-1.8	3.4	1.4	-1.7
1987	I	4.5	4.5	0.0	-1.9	-6.8	-6.1
	II	5.3	2.8	-2.4	1.6	-3.1	-3.5
	III	r3.5	r6.8	3.1	r1.1	r-2.7	r-2.4
-----							
Percent change from corresponding quarter of previous year							
1986	I	7.3	5.2	-2.0	4.9	1.8	-2.2
	II	4.9	3.0	-1.8	3.6	2.0	-1.2
	III	4.5	2.5	-1.9	2.8	1.1	-1.6
	IV	4.0	2.4	-1.5	2.1	0.7	-1.8
	ANNUAL	5.2	3.2	-1.8	3.4	1.4	-1.7
1987	I	3.4	2.4	-0.9	1.3	-0.9	-2.1
	II	4.2	3.4	-0.7	1.2	-2.5	-2.9
	III	r4.0	r4.4	0.4	1.0	-3.0	r-2.8
-----							

See footnotes following table 6.  
r=revised

December 3, 1987

Source: Bureau of Labor Statistics

Table 5. Nondurable manufacturing sector: Productivity, hourly compensation, and unit labor cost, seasonally adjusted

Year and quarter		Output per hour of all persons	Output (6)	Hours of all persons	Compensation per hour(1)	Real compensation per hour(2)	Unit labor cost
Indexes 1977=100							
1986	I	116.0	112.7	97.2	182.7	101.2	157.5
	II	117.0	113.4	96.9	184.3	102.4	157.5
	III	117.0	113.9	97.3	185.8	102.7	158.8
	IV	117.1	114.9	98.1	186.5	102.4	159.3
	ANNUAL	116.8	113.7	97.4	184.8	102.1	158.3
1987	I	117.4	115.8	98.6	186.9	101.2	159.1
	II	119.9	118.1	98.5	188.2	100.7	156.9
	III	121.2	120.5	99.5	189.1	100.3	156.1
Percent change from previous quarter at annual rate(5)							
1986	I	1.8	2.3	0.5	3.2	1.6	1.4
	II	3.6	2.5	-1.0	3.6	5.0	0.0
	III	0.1	1.7	1.6	3.4	0.9	3.3
	IV	0.4	3.6	3.3	1.5	-1.1	1.2
	ANNUAL	1.5	1.9	0.5	3.3	1.3	1.8
1987	I	1.1	3.1	1.9	0.7	-4.4	-0.5
	II	8.7	8.2	-0.5	2.8	-2.0	-5.4
	III	4.2	8.6	4.2	r2.0	-1.8	-2.1
Percent change from corresponding quarter of previous year							
1986	I	1.8	1.6	-0.2	3.7	0.6	1.9
	II	1.3	1.7	0.4	3.2	1.6	1.8
	III	1.3	1.8	0.6	3.3	1.6	2.0
	IV	1.4	2.5	1.1	2.9	1.6	1.5
	ANNUAL	1.5	1.9	0.5	3.3	1.3	1.8
1987	I	1.3	2.7	1.4	2.3	0.1	1.0
	II	2.5	4.1	1.6	2.1	-1.6	-0.4
	III	3.6	5.8	2.2	1.8	-2.3	-1.7

See footnotes following table 6.

r=revised

December 3, 1987

Source: Bureau of Labor Statistics

Table 6. Nonfinancial corporations: Productivity, hourly compensation, unit labor cost, unit profits, and prices, seasonally adjusted

Year and quarter	Output per all-employee hour	Output	Employee hours	Hourly compensation (1)	Real hourly compensation (2)	Unit labor cost	Unit non-labor cost (7)	Total unit cost (8)	Unit profits (9)	Implicit price deflator (4)
Indexes 1977=100										
1986 I	109.8	129.1	117.6	177.2	98.2	161.5	180.7	166.3	129.7	161.9
II	109.7	128.8	117.4	178.4	99.1	162.6	180.6	167.2	129.5	162.7
III	109.9	129.3	117.6	179.5	99.2	163.2	184.2	168.5	130.6	164.0
IV	110.5	130.4	118.0	181.0	99.3	163.8	183.2	168.7	127.7	163.8
ANNUAL	109.9	129.4	117.7	178.9	98.9	162.8	182.2	167.7	129.3	163.1
1987 I	109.7	130.9	119.3	180.8	98.0	164.8	184.1	169.7	132.2	165.2
II	109.9	131.6	119.8	182.0	97.4	165.6	186.6	170.9	132.9	166.3
III	110.6	133.4	120.6	183.4	97.2	165.8	187.2	171.2	140.5	167.5
Percent change from previous quarter at annual rate(5)										
1986 I	3.3	4.4	1.0	3.5	1.8	0.1	3.0	0.9	3.0	1.1
II	-0.2	-0.9	-0.6	2.6	4.0	2.9	-0.2	2.0	-0.5	1.8
III	0.9	1.6	0.7	2.5	0.0	1.5	8.2	3.3	3.3	3.3
IV	2.1	3.4	1.3	3.5	0.8	1.3	-2.3	0.3	-8.5	-0.5
ANNUAL	1.6	2.6	1.0	3.5	1.6	1.9	2.2	2.0	-3.4	1.5
1987 I	-2.9	1.5	4.6	-0.5	-5.5	2.5	2.2	2.4	14.7	3.5
II	0.7	2.2	1.6	2.6	-2.2	2.0	5.4	2.9	2.1	2.8
III	2.6	5.5	2.8	3.0	-0.8	0.4	1.2	0.6	25.0	2.8
Percent change from corresponding quarter of previous year										
1986 I	2.6	4.1	1.4	4.3	1.2	1.6	1.8	1.7	-1.7	1.3
II	1.8	2.7	0.8	3.9	2.2	2.0	1.0	1.7	-2.1	1.4
III	0.7	1.5	0.8	3.3	1.6	2.6	3.8	2.9	-8.4	1.7
IV	1.5	2.1	0.6	3.0	1.6	1.5	2.1	1.6	-0.8	1.4
ANNUAL	1.6	2.6	1.0	3.5	1.6	1.9	2.2	2.0	-3.4	1.5
1987 I	0.0	1.4	1.5	2.0	-0.2	2.1	1.9	2.0	1.9	2.0
II	0.2	2.2	2.0	2.0	-1.7	1.8	3.3	2.2	2.6	2.3
III	0.6	3.2	2.6	2.2	-1.9	1.6	1.6	1.6	7.6	2.1

See footnotes following table 6.

r=revised

December 3, 1987

Source: Bureau of Labor Statistics

**SOURCE:** Output data from Bureau of Economic Analysis, U.S. Department of Commerce, and the Federal Reserve Board. Compensation and hours data from the Bureau of Labor Statistics, U.S. Department of Labor, and the Bureau of Economic Analysis.

**RELIABILITY:** Productivity and cost measures are regularly revised as more complete information becomes available. The measures are first published 30 days after the close of the reference period; revisions appear 30 days later, and second revisions after an additional 60 days. In the business sector, the probability is 0.95 that the third publication (second revision) of a quarterly index of output per hour of all persons will differ from the initial value by between -2.0 and +2.0 index points. This interval is based on the performance of this measure between the first quarter of 1976 and the second quarter of 1987.

#### Footnotes, Tables 1-6

- (1) Wages and salaries of the employees plus employers' contributions for social insurance and private benefit plans. Except for nonfinancial corporations, where there are no self-employed, data also include an estimate of wages, salaries, and supplemental payments for the self-employed.
- (2) Compensation per hour adjusted for changes in the Consumer Price Index for All Urban Consumers.
- (3) Unit nonlabor payments include profits, capital consumption allowances, interest, rental income of persons, and indirect taxes.
- (4) Current dollar gross product divided by constant dollar gross product.
- (5) Quarterly changes: percent change compounded at annual rate from the original data rather than index numbers. Annual changes: percent change between annual average levels.
- (6) Quarterly manufacturing output measures are based on the index of industrial production prepared monthly by the Board of Governors of the Federal Reserve adjusted by BLS to annual manufacturing output levels (gross product originating) from the National Income and Product Accounts prepared by the Bureau of Economic Analysis of the U.S. Department of Commerce.
- (7) Unit nonlabor cost includes capital consumption allowances, interest, rental income of persons, and indirect taxes. For nonfinancial corporations, rental income of persons is zero by definition.
- (8) Total unit cost is the sum of labor and nonlabor costs.
- (9) Unit profits include corporate profits with inventory valuation and capital consumption adjustments.